

PART I – THE SCHEDULE  
SECTION B

**SUPPLIES OR SERVICES AND PRICES/COSTS**

**B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED**

This is a Cost-Plus-Incentive-Fee (CPIF) closure contract that includes cost and schedule performance incentives. Performance incentives provide the motivation to achieve accelerated closure at the lowest cost to the Department of Energy (DOE). The DOE is committed to achieve accelerated closure that does not jeopardize safety and protection of the workers, the public or the environment. The contractor shall be responsible for planning, managing, integrating, and executing the work as described in Section C, Statement of Work (SOW). The contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as furnished by the DOE) and otherwise do all the things necessary for performing in a safe, efficient, and effective manner.

**B.2 CONTRACT FUNDING PROFILE**

Subject to the availability of funds, the contract will be funded in accordance with the schedule provided below. Such funds shall provide for all allowable and allocable billings for cost and fee for the indicated fiscal year. It is anticipated that annual contract funding will be provided on or before November 30 of each year in the amounts stated below.

	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>TOTAL</b>
<b>Total Project</b>	<b>\$23.1M</b>	<b>\$22.0M</b>	<b>\$14.6M</b>	<b>\$57.7M</b>

All contractor scope comes from this funding profile. This funding profile also includes the cost of the Independent Verification Contractor's (IVC) survey(s).

**B.3 TOTAL CONTRACT TARGET COST, FEE, AND COMPLETION DATE**

The total contract target cost and target fee shall not exceed the funding profile (by fiscal year and total) specified in B.2. The total contract target cost and target fee are set at a contract completion date of September 30, 2006.

**The offeror shall propose a total contract target cost below and may propose a target fee in Section B.4.1. The offeror may propose a total target cost and target fee less than the funding profile. The offeror may propose a target completion date earlier than September 30, 2006.**

**Offeror's Proposed Target Cost:**

**Offeror's Proposed Completion Date:**

\_\_\_\_\_

\_\_\_\_\_

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**B.4 INCENTIVE STRUCTURE**

The cost incentive and schedule incentive will be cumulative. The maximum fee on the cost incentive will not exceed 12%. The cumulative minimum fee shall not be below 2% of the Target Cost.

**B.4.1 Cost Incentive Structure**

The following cost incentive structure is established in association with a target completion date of September 30, 2006:

Target Fee: \$ \_\_\_\_\_ (To be proposed by the Offeror.)  
 Maximum Fee: \$ \_\_\_\_\_ \* (Maximum Fee will be 12% of target cost).  
 Minimum Fee: \$ \_\_\_\_\_ \* (Minimum Fee will be 2% of target cost).  
 \* To be completed by DOE prior to award of contract.

Share line:

For a total actual cost greater than or less than the target cost, costs greater or less than the target cost, shall be shared as follows:

Government's share: \_\_\_\_\_ %  
 Contractor's share: \_\_\_\_\_ %

**The offeror shall propose a share line within the parameters of 70/30 to 90/10 (Government/contractor). The share line proposed will be the same on either side of the target cost (i.e., DOE and the contractor will share the cost savings or overruns according to the accepted share line).**

**B.4.2 Schedule Incentive**

The target cost incentive is established at a contract completion date of September 30, 2006. Any fee earned pursuant to the Cost Incentive Structure set forth in B.4.1 above shall be reduced by 1% of fee for each month after September 30, 2006 the project is not completed, so long as the total fee earned is not less than 2% of the target cost. Any fee earned pursuant to the Cost Incentive Structure set forth in B.4.1 above shall be increased by 1% of fee for each month the project is completed earlier than September 30, 2006. For periods less than a full month, the amount of fee lost or additional fee earned will be determined using straight-line interpolation.

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**B.5 ITEMS EXCLUDED FROM TARGET COST**

The following items of cost are not included in “total allowable cost” for the purposes of fee adjustment under the clause entitled “Incentive Fee.”

- (a) Additional work scope identified in written direction to the contractor by the Contracting Officer.
- (b) Costs of providing information pursuant to requests from DOE Headquarters in support of Energy Employees Occupational Illness Compensation Program Act (EEOICPA).
- (c) Contract close-out costs.
- (d) Additional work scope associated with activities required to remediate contaminated soil above 250,000 cubic feet.

**B.6 PROVISIONAL FEE PAYMENT SCHEDULE AND ADJUSTMENTS****B.6.1 Scheduled Provisional Fee Payments**

Scheduled provisional fee payments will be made quarterly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee}}{\text{Quarters of Performance (12)}} \times .5$$

The first two quarterly provisional fee payments (performance period October 2003 through March 2004) will not be adjusted. Subsequent quarterly fee payments may be adjusted based on the evaluation criteria identified below.

**B.6.2 Provisional Quarterly Fee Payment Adjustments and Reductions**

The Contracting Officer (CO) may adjust the provisional quarterly fee payment based on the validated cost and schedule variance and the status of the major milestones described in Section H.1. In determining the appropriate adjustments to the provisional fee payment, the CO will use the following earned value definitions:

- (i) Cost Variance Percent (%) is equal to the Budgeted Cost of Work Performed (BCWP) minus the Actual Cost of Work Performed (ACWP) divided by BCWP times 100%.
- (ii) Schedule Variance Percent (%) is equal to the BCWP minus the Budgeted Cost of Work Scheduled (BCWS) divided by BCWS times 100%.

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**B.6.3 Conditional Payment of Fee**

In order for the contractor to be eligible to earn all available fee under the contract, the contractor must meet the minimum requirements in paragraphs (a) and (b) below. If the contractor does not meet the minimum requirements, the Ohio Field Office Manager or designee may make a unilateral determination to reduce the minimum fee, target fee and maximum fee as follows:

- (a) Minimum Requirements for Environment, Safety, Quality and Health (ESQ&H). The minimum performance requirements for ESQ&H are contained in the contract. The contractor shall develop and submit a Health & Safety Plan (HASP) for approval by the Contracting Officer in accordance with the provisions of Section C.4.2. If the contractor fails to obtain approval of the HASP or fails to achieve the minimum performance requirements, the Ohio Field Office Manager or designee, at his/her sole discretion, may reduce the minimum fee, target fee and maximum fee by an amount up to two quarters of scheduled fee.
- (b) Minimum Requirements for Catastrophic Event. If, in the performance of this contract, there is a catastrophic event (such as a fatality, serious workplace-related injury or illness to one or more federal, contractor, or subcontractor employee or the public, loss of control over classified or special nuclear material, or significant damage to the environment), the Ohio Field Office Manager or designee, at his/her sole discretion, may reduce the minimum fee, target fee and maximum fee by an amount up to four quarters of scheduled fee. In determining any reduction in fee, the Ohio Field Office Manager or designee will consider whether willful misconduct and/or negligence contributed to the occurrence and will take into consideration any mitigating circumstances presented by the contractor or other sources.

**B.6.4 Termination**

If this contract is terminated in its entirety, fee shall be payable to the contractor consistent with the Section I clauses entitled “Termination-Cost Reimbursement” and “Incentive Fee”. Nothing in this paragraph shall limit or restrict the application of the clause entitled “Termination-Cost Reimbursement” in Section I of this contract.

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**B.7 FINAL FEE DETERMINATION**

The final fee determination will be calculated by the CO when the contractor has completed all activities included in the SOW and in accordance with Section F.6. The final fee determination will be based on the total cost of the contract and the closure date. The final fee payment will be the difference between the final fee determination minus the sum of quarterly provisional fee payments made during the period of the contract.

If the sum of quarterly provisional fee payments made during the period of the contract is greater than the overall fee that is calculated by the CO in his/her final fee determination, the contractor shall reimburse the amount of fee already paid that is greater than that earned and shall pay interest to the DOE in accordance with the prevailing Treasury rate(s) in effect at the time the payments were made.

**B.8 OBLIGATION OF FUNDS**

Total funds in the amount of \$\_\_\_\_\_ \* are obligated herewith and made available for payment of allowable costs, and fee earned from the effective date of this contract through contract completion Pursuant to the FAR Clause 52.232-22, entitled “Limitation of Funds.”

\*To be completed by DOE prior to award of contract.

**B.9 AUTHORIZATION OF PRE-PERFORMANCE CONTRACT COSTS**

The CO hereby authorizes the contractor to incur pre-performance contract costs that are allowable, allocable, and reasonable, and are limited solely to costs for contract transition.

Contract transition is the period of time between award of the contract and the beginning of the contract period of performance.

Contract transition costs include, but not limited to, moving the management team into place to assume its role as Columbus Closure Project (CCP) contractor. All pre-performance contract costs shall be included in the target cost of this contract and will be used for fee determination purposes. As directed by the CO, the contractor shall provide an itemized written account of all costs incurred as pre-performance contract costs.

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**B.10 952.204-XX CONDITIONAL PAYMENT OF FEE OR PROFIT -  
SAFEGUARDING RESTRICTED DATA AND OTHER CLASSIFIED INFORMATION.****(a) General.**

- (1) The payment of fee or profit (i.e., award fee, fixed fee, and incentive fee or profit) under this contract is dependent upon the contractor's compliance with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information (i.e., Formerly Restricted Data and National Security Information) including compliance with applicable law, regulation, and DOE directives. The term "contractor" as used in this clause to address failure to comply shall mean "contractor or contractor employee."
- (2) In addition to other remedies available to the Federal Government, if the contractor fails to comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information, the contracting officer may unilaterally reduce the amount of earned fee, fixed fee, or profit that is otherwise payable to the contractor in accordance with the terms and conditions of this clause.
- (3) Any reduction in the amount of fee or profit earned by the contractor will be determined by the severity of the contractor's failure to comply with contract terms and conditions relating to the safeguarding of Restricted data or other classified information pursuant to the degrees specified in paragraph (c) of this clause.

**(b) Reduction Amount.**

- (1) If in any period (see 48 CFR 952.204-XX (b)(2)) it is found that the contractor has failed to comply with contract terms and conditions relating to the safeguarding of Restricted Data or other classified information, the contractor's earned fee, fixed fee, or profit of the period may be reduced. Such reduction shall not be less than 26% nor greater than 100% of the total fee or profit earned for a first degree performance failure, not less than 11% nor greater than 25% for a second degree performance failure, and up to 10% for a third degree performance failure. The contracting officer must consider mitigating factors that may warrant a reduction below the specified range, including a determination that no reduction should be made (see 48 CFR 904.402(c)). The mitigating factors may include, but are not limited to, the following:
  - (i) Degree of control the contractor had over the event or incident.

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- (ii) Efforts the contractor had made to anticipate and mitigate the possibility of the event in advance.
  - (iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.
  - (iv) General status (trend and absolute performance) of safeguarding Restricted Data and other classified information and compliance in related security areas.
- (2) (i) For purposes of this clause, the contracting officer will at the time of contract award, or as soon as practicable thereafter, allocate the total amount of fee or profit that is available under this contract to equal periods of [insert 6 or 12] months to run sequentially for the entire term of the contract (i.e., from the effective date of the contract to the expiration date of the contract, including all options). The amount of fee or profit to be allocated to each period shall be equal to the average monthly fee or profit that is available or otherwise payable during the entire term of the contract, multiplied by the number of months established above for each period.
- (ii) Under this clause, the total amount of fee or profit that is subject to reduction in a period in which a performance failure occurs, in combination with any reduction made under any other clause in the contract that provides for a reduction to the fee or profit, shall not exceed the amount of fee or profit that is earned by the contractor in the period established pursuant to paragraph (b)(2)(i) of this clause.
- (3) For performance-based firm-fixed-price contracts, the contracting officer will at the time of contract award include negative monetary incentives in the contract for contractor violations relating to the safeguarding of Restricted Data and other classified information.
- (c) **Safeguarding Restricted Data and Other Classified Information.** Performance failures occur if the contractor does not comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failures relating to the contractor's obligations under this contract for safeguarding of Restricted Data and other classified information are as follows:
- (1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:

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- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Top Secret, or any classification level of information in a Special Access Program (SAP), identified as sensitive compartmented information (SCI), or weapons data categorized as SIGMA 14 OR SIGMA 15.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Restricted Data, or other information classified as Top Secret, or any classification level of information in a Special Access Program (SAP), identified as sensitive compartmented information (SCI), or weapons data categorized as SIGMA 14 OR SIGMA 15.
  - (iii) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Top Secret, or any classification level of information in a Special Access Program (SAP), identified as sensitive compartmented information (SCI), or weapons data categorized as SIGMA 14 OR SIGMA 15.
- (2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Secret.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Restricted Data, or other information classified as Secret.
  - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other information regardless of classification.
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Secret.



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(3) Third Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of contractor management and/or employee attention to the proper safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance failures or performance failures of similar import that will be considered third degree if they result in undue risk to the common defense and security:

- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.
- (ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.
- (iii) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the contractor's Safeguards and Security Plan or other security plan, as applicable.
- (iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.